

Risk Factors Comparison 2025-03-03 to 2024-02-29 Form: 10-K

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You should consider and read carefully all of the risks and uncertainties described below, as well as the other information included in this Annual Report, including our consolidated financial statements and related notes. The risks described below have been organized under headings that are provided for convenience and intended to organize the risks and uncertainties into related categories to improve readability for investors; no inference should be drawn, however, that the placement of a risk factor under a particular category means that it is not applicable to another category of risks or that it may be more or less material than another risk factor. Regardless, they are also not the only risks and uncertainties facing us. The occurrence of any of the following risks or additional risks and uncertainties not presently known to us or that we currently believe to be immaterial could materially and adversely affect our business, financial condition and results of operations. This Annual Report also contains forward- looking statements and estimates that involve risks and uncertainties, as discussed above under the caption “ Cautionary Note Regarding Forward- Looking Statements. ” Our actual results could differ materially from those anticipated in any forward - looking statements as a result of many factors, including the risk factors and uncertainties described below. General Economic and Industry Risks Adverse changes in general domestic and worldwide economic conditions could adversely affect our operating results, financial condition, and liquidity. Our business has in the past been, and may continue to be, affected by a number of factors that are beyond our control, such as general macroeconomic conditions, conditions in the financial services markets, geopolitical conditions and other general political and economic developments, and can continue to be affected by such factors in the future. Concerns about the systemic impact of potential long- term and wide- spread recession, inflation, energy costs, geopolitical issues, the availability and cost of credit have contributed to increased market volatility and diminished expectations for near- term growth in the United States and many global economies. Additionally, general political uncertainty, including any actions from a new administration in the United States could impact the healthcare industries in the United States. Continued turbulence in domestic and international markets and economies may adversely affect our liquidity and financial condition. Patients may transition work, leaving insurance programs, or defer non- emergency procedures, which could reduce overall demand for our services. A decline in global economic conditions could also have a significant impact on the financial condition and operations of our third party payors, contracting radiology groups, equipment manufacturers and other suppliers. A downturn in the economic environment can also lead to increased risk of collection on our accounts receivable, impairment of goodwill, and increased risk of failure of financial institutions including insurance companies and derivatives counterparties. These and other economic events could materially adversely affect our business, results of operations, financial condition and stock price. A worsening of the economic and employment conditions in the geographies in which we operate could materially affect our business and future results of operations. During periods of high unemployment, governmental entities often experience budget deficits as a result of increased costs and lower than expected tax collections. These budget deficits at the federal, state and local levels have decreased, and may continue to decrease, spending for health and human service programs, including Medicare and Medicaid, which are significant payor sources for our facilities. In periods of high unemployment, we have faced and could continue to face the risk of potential declines in the population covered under private insurance, patient decisions to postpone or decide against receiving services, potential increases in the uninsured and underinsured populations we serve and further difficulties in collecting patient co- payment and deductible receivables. Increases in inflation and rising interest rates or disruption of credit markets could adversely affect our financial condition and liquidity. Inflation in the U. S. has recently accelerated and is currently expected to continue at an elevated level in the near- term. Current and future inflationary effects may be driven by, among other things, supply chain disruptions and governmental stimulus or fiscal policies, and geopolitical instability. In response to recent macroeconomic concerns, the United States and other western countries have implemented monetary policies focused on suppressing inflation, including increasing interest rates. We operate in an industry that requires significant amounts of capital to fund operations, particularly in the development or acquisition of diagnostic imaging centers and the acquisition of diagnostic imaging equipment. To meet these capital requirements, we have incurred various indebtedness including senior secured credit facilities and equipment leases. Most of our indebtedness is borrowed under terms with variable interest rates. We have purchased, and may in the future purchase, forward swaps or other derivative instruments designed to mitigate the risk of changes in interest rates. The use of such hedging activities may not be effective to offset any, or more than a portion, of the adverse financial effects of unfavorable movements in interest rates over the limited time the hedges are in place. If these market conditions continue, we may experience increased expenses associated with borrowing and resulting decreases in profitability. Moreover, continued disruption in credit markets could render it more difficult for us to timely replace maturing liabilities or to expand credit facilities, which would adversely affect our liquidity and financial condition. Our labor costs have been, and we expect will continue to be, adversely affected by competition for staffing, the shortage of experienced healthcare professionals, and regulatory activity including changes in minimum wage laws. Our operations are dependent on the availability, efforts, abilities and experience of management and medical support personnel. We compete with other healthcare providers in recruiting and retaining qualified employees; however, over the past several years, the healthcare industry has faced considerable workforce challenges, including shortages of skilled personnel and increased wage competition. In some of

the regions in which we operate, state or municipalities increased the applicable minimum wage, which has created more competition and, in some cases, higher labor costs. If prevailing wages continue to be driven higher, we could suffer increased employee turnover and increased costs, adversely affecting our business. We have a substantial number of employees who are paid on a part-time or per diem basis. In 2024, California mandated minimum wage increases for certain industries, including ours. As a result, we will experience increased compensation costs for certain of our employees and vendors beginning in 2025. As minimum wage rates increase, related laws and regulations change, and / or inflationary or other pressures increase wage rates, we and our partners may need to increase not only the wage rates of minimum wage employees, but also the wages paid to other hourly or salaried employees. If other states adopt similar minimum wage increases, the effect on our cost of operations would be compounded. In addition, we expect that inflationary pressures will continue to impact our salaries, wages, benefits and other costs. Because the majority of our services are performed under multi-year contracted rates with commercial insurance companies or through government programs such as Medicare and Medicaid, we may be unable to offset these increased labor costs. Any such increase in costs, without an attendant increase in revenues or offsetting increase in operating efficiency, would reduce profitability and cash flows.

We face various risks related to health epidemics and other outbreaks, which may have a material adverse effect on our business, financial condition, results of operations and cash flows. We face various risks related to health epidemics and other outbreaks, that have emerged and could emerge in the future, including:

- restrictions intended to slow the spread of outbreaks, including quarantines, government-mandated actions, stay-at-home orders and other restrictions, have led and may in the future lead to periods where our imaging procedure volumes drop significantly;
- disruptions in supply chains can affect the cost and availability of reagents and other materials needed for certain procedures;
- significant portions of our workforce may be unable to work due to illness, quarantines, facility closures, ineffective remote work arrangements or technology failures or limitations;
- general economic downturns as a result of outbreaks may affect demand or pricing for our services; and
- volatility in the global capital markets may result in a decrease in the price of our common stock, or an increase in our cost of capital.

Business interruptions due to natural disasters **to include but not limited to earthquakes, floods, fires hurricanes and severe winter storms** or other external events beyond our control can adversely affect our business, financial condition or results of operations. Our operations can be impacted by external events beyond our control, such as the effects of earthquakes, fires, floods, severe weather, public health issues, power failures, telecommunication loss, and other natural and man-made events, some of which may be intensified by the effects of climate change and changing weather patterns. Our corporate headquarters and over 100 of our radiology centers are located in California, which is subject to wildfires, blackouts, and potentially damaging earthquakes. In addition, several of our imaging centers located in parts of the east coast have suffered from weather events that caused us to temporarily close centers. These or other similar events could cause disruption or interruption to our operations and significantly impact our employees. **Additionally, long-term adverse weather conditions, whether caused by global climate change or otherwise, could cause an outmigration of people from the communities where our facilities are located. If any of the circumstances described above, or other similar events, occur, our business, financial condition or results of operations could be adversely affected.** Any disruption to our services may result in decreases in revenues or increased operating and capital expenses. Historically, when we have experienced a reduction in business due to inclement weather or external events for a period of time, our operations have returned to a normalized level, but we have not experienced a significant increase of procedures that would fully compensate for the revenues lost during the slower periods. Changes in the method or rates of third-party reimbursement could have a negative impact on our results.

A significant portion of our business is derived from federal and state reimbursement programs such as Medicare or Medicaid. From time to time those programs implement changes designed to contain healthcare costs, some of which have resulted in decreased reimbursement rates for diagnostic imaging services that impact our business. On November 16, 2023, Centers for Medicare and Medicaid Services (“CMS”) released the **calendar year 2023-2025 Medicare Physician Fee Schedule final rule**, which contained significant **governs Medicare payment for Radnet’s services in CY 2025. Medicare payment and coverage policies in the final rule could result in reimbursement reductions for radiology reduced volume of diagnostic imaging services at**, effective January 1, 2024, largely as a result of changes to relative value units, redistributive effects of the CMS proposed clinical labor pricing update and statutorily mandated budget neutrality rules. The January 18, 2024 continuing resolution passed by Congress and signed into law by President Biden did not contain provisions to stop or **our imaging centers** mitigate these reimbursement cuts. Furthermore, absent further and more permanent intervention from Congress, CMS could propose and impose similar or more significant reimbursement cuts in the months and years ahead. One of the principal objectives of health maintenance organizations and preferred provider organizations is to control the cost of healthcare services. Managed care contracting has become very competitive, and reimbursement schedules are at or below Medicare reimbursement levels. The expansion of health maintenance organizations, preferred provider organizations and other managed care organizations within the geographic areas covered by our network could have a negative impact on the utilization and pricing of our services, because these organizations will exert greater control over patients’ access to diagnostic imaging services, the selections of the provider of such services and reimbursement rates for those services. Relatedly, reimbursement rate cuts may be pursued as a cost-saving measure by third party payors resulting from the implementation of the federal No Surprises Act (H. R. 133) and similar insurer-provider payment dispute laws, which also may negatively impact our revenue. **Certain of our services may require patients to pay out-of-pocket fees. Our ability to collect these out-of-pocket fees is subject to various coverage and reimbursement policies of third-party payors that may change over time and may be open to a variety of interpretations and applications. Changes in coverage policies or errors in our billing and collections procedures could adversely affect our revenue and business.** Any reduction in the rate that we can charge for our imaging services under these programs will reduce our net revenues and our operating margins per procedure under those reimbursement programs. Unless we can secure additional procedure volumes, increase utilization of our equipment, or change the overall mix

of service procedures that we provide, a decline in reimbursement rates will reduce our net revenues and results of operations. **If we fail to manage the complex and lengthy reimbursement process, our revenue, financial condition and results of operations could suffer. Because our business depends upon reimbursement from Medicare, Medicaid and third-party payors for a significant majority of its revenues, our revenue, financial condition and results of operations may be affected by the reimbursement process, which in the healthcare industry is complex and can involve lengthy delays between the time that services are rendered and the time that the reimbursement amounts are settled. Depending on the payor, we may be required to obtain certain payor-specific documentation from physicians and other healthcare providers before submitting claims for reimbursement. Certain payors have filing deadlines and will not pay claims submitted after such deadlines. We cannot ensure that we will be able to effectively manage the reimbursement process and collect payments for its equipment and services promptly.**

We experience competition from other diagnostic imaging companies and hospitals, and this competition could adversely affect our revenue and business. The market for diagnostic imaging services is highly competitive. We compete for patients principally on the basis of our reputation, our ability to provide multiple modalities at many of our centers, the location of our centers and the quality of our diagnostic imaging services. Our competitors include independent imaging operators, such as Akumin, Inc., and smaller regional operators, as well as hospitals, clinics and radiology groups that operate their own imaging equipment. Some of our competitors may have, now or in the future, access to greater financial resources than we do and may have access to newer, more advanced equipment. If we are unable to successfully compete, our business and financial condition would be adversely affected. Technological change in our industry could reduce the demand for our services and require us to incur significant costs to upgrade our equipment. The development of new technologies or refinements of existing modalities may require us to upgrade and enhance our existing equipment before we may otherwise intend. Many companies currently manufacture diagnostic imaging equipment. Competition among manufacturers for a greater share of the diagnostic imaging equipment market may result in technological advances in the speed and imaging capacity of new equipment. In addition, advances in technology may enable physicians and others to perform diagnostic imaging procedures without us. Our scale in both the number of our locations and the number and types of imaging equipment we offer is one of our competitive advantages. If the development of new technologies accelerates the obsolescence of our current equipment, we may lose some of our competitive advantage. We may also be required to accelerate the depreciation on existing equipment and incur significant capital expenditures to acquire the new technologies. We may not have the financial ability to acquire the new or improved equipment and may not be able to maintain a competitive equipment base.

Business Risks Our results of operations may fluctuate significantly from period to period and can be difficult to predict. Our results of operations have experienced fluctuations from period to period, which we expect may continue in the future. These fluctuations can occur because of a variety of factors, including, among others, the prices we charge for our services, customer or payor mix, the rate and timing of our billings and collections, our ability to obtain reimbursement for our services from third-party payors, the timing and amount of our commitments and other payments, as well as the other risk factors discussed in this report. The fluctuations in our operating results may render period-to-period comparisons less meaningful, and investors should not rely on the results of any one period as an indicator of future performance. These fluctuations in our operating results could cause our performance in any particular period to fall below the expectations of securities analysts or investors or guidance we have provided to the public, which could negatively affect the price of our common stock.

If our contracted radiology practices terminate their agreements with us, our business could substantially diminish. Our business is substantially dependent on the radiology groups that we contract with to provide medical services at our imaging centers. The radiology groups are party to substantially all of the managed care contracts from which we derive revenue. Under the terms of our management agreements, the radiology groups are required use their best efforts to provide medical services at our centers as well as any new centers that we open or acquire in their areas of operation. Although our management agreements are for multiple years, the radiology groups have the right to terminate the agreements if we default on our obligations and fail to cure the default. Also, the various radiology groups' ability to continue performing under the management agreements may be curtailed or eliminated due to the radiology groups' own financial difficulties, loss of physicians or other circumstances. If any of our contracted radiology groups cannot perform their obligations to us, we would need to contract with one or more other radiology groups to provide the professional medical services. We may not be able to locate radiology groups willing to provide those services on terms acceptable to us, if at all. In addition, the radiology group's relationships with referring physicians are largely responsible for the revenue generated at the centers they service. Any replacement radiology group's relationships with referring physicians may not be as extensive as those of the terminated group. The termination of a management agreement with a radiology group could result in both short and long-term loss of revenue and adversely affect our performance and competitive position in the markets served by the departing radiology group. Each of the Group and our third party contracted radiology practices has entered into agreements with its physician shareholders and full-time employed radiologists that generally prohibit those shareholders and radiologists from competing for a period of two to five years within defined geographic regions after they cease to be owners or employees, as applicable. In certain states, like California, a covenant not to compete is enforced in limited circumstances involving the sale of a business. In other states, a covenant not to compete will be enforced only: • to the extent it is necessary to protect a legitimate business interest of the party seeking enforcement; • if it does not unreasonably restrain the party against whom enforcement is sought; and • if it is not contrary to public interest. Enforceability of a non-compete covenant is determined by a court based on all of the facts and circumstances of the specific case at the time enforcement is sought. For this reason, it is not possible to predict whether or to what extent a court will enforce the contracted radiology practices' covenants. The inability of the contracted radiology practices or us to enforce a radiologist's non-compete covenants could result in increased competition from individuals who are knowledgeable about our business strategies and operations. We are dependent on the ability of our contracted radiology practices, including the Group, to hire and retain qualified radiologists. At times, there has been a shortage

of qualified radiologists in some of the regional markets we serve. Competition in recruiting radiologists may make it difficult for our contracted radiology practices to maintain adequate levels of radiologists. If a significant number of radiologists terminate their relationships with our contracted radiology practices and those radiology practices cannot recruit sufficient qualified radiologists to fulfill their obligations under our agreements with them, our ability to maximize the use of our diagnostic imaging centers and our financial results could be adversely affected. We are experiencing tighter labor conditions in some of the markets we serve. As a result our contracting radiological practices have experienced increased salary and professional services expenses. Increased expenses for the contracting radiological practices, including the Group, impacts our financial results because the management fee we receive from them, which is based on a percentage of their collections, is adjusted annually to take into account their expenses. Neither we, nor our contracted radiology practices, maintain insurance on the lives of any affiliated physicians. Our ability to generate revenue depends in large part on referrals from physicians. A significant portion of the services that we perform are derived from patient referrals from unaffiliated physicians and other third parties. Those physicians and other third parties do not have any contractual obligation to refer patients to us. If a sufficiently large number of these physicians and other third parties were to discontinue referring patients to us, our imaging procedure volume would decrease, which would reduce our net revenue and operating margins. Further, commercial third-party payors have implemented managed care programs that could limit the ability of physicians to refer patients to us. For example, health maintenance organizations sometimes contract directly with providers and require their enrollees to obtain these services exclusively from those contracted providers. Some insurance companies and self-insured employers also limit these services to contracted providers. These “closed panel” systems are now common in the managed care environment. Other systems such as preferred physician organizations create an economic disincentive for referrals to providers outside the system’s designated panel of providers. We seek to be the designated provider under these systems. If we are unable to compete successfully for these managed care contracts, our net revenues and our prospects for growth could be adversely affected. We may become subject to professional malpractice liability, which could be costly and negatively impact our reputation and business. The physicians employed by our contracted radiology groups are from time to time subject to malpractice claims. Under the terms of our management agreements with those radiology groups, we structure the relationship in a manner that we believe does not constitute our practice of medicine, or subject us to professional malpractice claims for acts or omissions of physicians employed by the contracted radiology practices. Nevertheless, claims relating to services provided by the contracted radiology practices have been asserted against us in the past and may be asserted against us in the future. In addition, we may be subject to other professional liability claims, including for improper use or malfunction of our diagnostic imaging equipment, or for accidental contamination, or injury from exposure to radiation. We seek to mitigate this risk through the purchase of professional liability insurance. Any claim made against us that is not fully covered by insurance could be costly to defend, result in a substantial damage award against us and divert the attention of our management from our operations, all of which could have an adverse effect on our financial performance. In addition, successful claims against us may adversely affect our business or reputation. Although California places a \$ 250, 000 limit on non-economic damages for medical malpractice cases, no limit applies to economic damages and no such limits exist in the other states in which we provide services. We may not receive payment from some of our healthcare provider customers because of their financial circumstances. We contract with commercial insurance and managed care providers to provide diagnostic imaging services to their members. Some of our healthcare provider customers do not have significant financial resources, liquidity or access to capital. If these customers experience financial difficulties they may be unable to pay us for the services that we provide. A significant deterioration in general or local economic conditions could have a material adverse effect on the financial health of certain of our healthcare provider customers. If our health care provider customers suffer financial hardship they could delay or default on their payment obligations to us, reducing our accounts receivable and negatively impacting our results of operations. Capitation fee arrangements could reduce our operating margins. For the year ended December 31, ~~2023~~ 2024, we derived approximately 9-7% of our total net revenue from capitation arrangements, and we expect to continue to derive a significant portion of our revenue from capitation arrangements in the future. Under capitation arrangements, the payor pays us a pre-determined amount per-patient per-month, and in exchange we are required to provide all necessary covered services to the patients covered under the arrangement. These contracts pass much of the financial risk of providing diagnostic imaging services, including the risk of over-use, from the payor to us as the provider. Our ability to generate profit from these arrangements is dependent on our ability to correctly forecast demand for services for the patient base, negotiate appropriate pre-determined amounts with the payor and efficiently manage the utilization of those services. If we are not successful in forecasting demand patients or enrollees covered by these contracts require more frequent or extensive care than anticipated, or if we are not efficient in managing the utilization of services under these capitation arrangements, we would incur unanticipated costs not offset by additional revenue, which would reduce operating margins. Cybersecurity threats and other disruption or malfunction in our information technology systems could adversely affect our business. We rely on information technology systems to process, transmit and store electronic information including legally-protected personal information, such as diagnostic image results and other patient health information, credit card and other financial information, insurance information, and personally identifiable information. A significant portion of the communication between our personnel, patients, business partners, and suppliers depends on information technology. We rely on our information systems to perform functions critical to our ability to operate, including patient scheduling, billing, collections, image storage and image transmission. We also use information technology systems and networks in our operations and supporting departments such as research and development, marketing, accounting, finance, and human resources. The future success and growth of our business depends on streamlined processes made available through information systems, global communications, internet activity and other network processes. Our information technology system is vulnerable to damage or interruption from: • Cybersecurity attacks and breaches, ransomware and computer viruses, coordinated attacks by hackers, activist entities, organized criminal threat actors, and nation-state sponsored actors, seeking to

disrupt operations or misappropriate information; • technology service provider outages and technology supply chain cybersecurity weaknesses; • power losses, computer systems failures, internet and telecommunications or data network failures, operator negligence, improper operation by or supervision of employees, physical and electronic losses of data and similar events; • earthquakes, fires, floods and other natural disasters; and • acts of vandalism or theft, misplaced or lost data, programming or human errors and similar events. Cybersecurity threats are constantly changing, increasing the difficulty of successfully defending against them or implementing adequate preventive measures. While we maintain multiple layers of security measures and are continuously enhancing our security technologies to address new threats, emerging and advanced cybersecurity threats, including coordinated attacks, require additional layers of security which may disrupt or impact efficiency of operations. We have in the past experienced unauthorized access to our network and could again face attempts by others to gain unauthorized access to information or to introduce malicious software to disrupt the operation of our information technology systems. While management is not aware of a cybersecurity incident that has had a material effect on our operations, there can be no assurances that a cybersecurity incident that could have a material impact on us will not occur in the future. In particular, severe ransomware attacks are becoming increasingly prevalent and can lead to significant interruptions in our operations, loss of sensitive data and income, reputational harm, and diversion of funds. A successful ransomware or similar attack could disrupt or limit our ability to operate and generate revenue for an extended period of time including our ability to retrieve patient records, schedule imaging procedures, store and transmit diagnostic images, bill payors or patients, provide customer assistance services, conduct research and development activities, collect, process and prepare company financial information, and manage the administrative aspects of our business, any of which could materially adversely affect our business. Extortion payments may alleviate the negative impact of a ransomware attack, but there is the risk that the threat actor may not destroy the stolen information and we may be unwilling or unable to make such payments due to, for example, applicable laws or regulations prohibiting such payments. **Recent cyberattacks in the healthcare sector, such as the February 2024 incident affecting Change Healthcare, have underscored critical cybersecurity risks which extend beyond internal systems to encompass third- party service providers and interconnected supply chains. Attacks targeting these areas can lead to significant disruptions in critical healthcare functions, exposure of sensitive patient data, and substantial financial losses. The impact of such breaches can be severe and are similar to those we face with ransomware. Our organization prioritizes comprehensive risk management strategies that include robust vetting and monitoring of third- party vendors, regular security assessments of supply chain partners, and implementation of strong authentication and access control measures throughout the entire ecosystem. However, while management is not aware of a cybersecurity incident through third- party service providers that has had a material effect on our operations, there can be no assurances that a cybersecurity incident through third- party service providers that could have a material impact on us will not occur in the future.** Any such interruption in access, improper access, disclosure, modification, or other loss of information could result in legal claims or proceedings, liability or penalties under laws and regulations that protect the privacy of personal information, such as HIPAA, European data privacy regulations, such as the General Data Protection Regulation, or GDPR, ~~or~~ **US** state privacy regulations, such as the California Consumer Privacy Act, **or newly emerging US state health information privacy laws, such as those in Washington, Oregon, and Texas**. We may be required to comply with state breach notification laws or become subject to mandatory corrective action. Responding to such incidents could require us to incur significant costs related to rebuilding internal systems, defending against litigation, responding to regulatory inquiries or actions, paying damages, complying with consumer protection laws or taking other remedial steps with respect to third parties. If our data storage system was compromised, it could also give rise to unwanted media attention, materially damage our payor and physician relationships, and harm our business reputation. While we maintain cyber liability insurance, our insurance may not be sufficient to protect against all losses we may incur if we suffer significant or multiple attacks. **Additionally, if and as our business grows, we will need to continually improve and expand the scope of our technology systems in order to maintain their adequacy for the scale of our operations. Any failure to make such improvements or any significant delay in the planned implementation of new or enhanced systems could render our systems obsolete or inadequate, in which case our service to our customers and our other business activities could suffer, and we could be more vulnerable to electronic breaches from outside sources**. Our success depends in part on our key personnel and loss of key executives could adversely affect our operations. Our success depends in part on our ability to attract and retain qualified senior and executive management, and managerial and technical personnel. The loss of the services of Dr. Howard G. Berger, our President and Chief Executive Officer, and Norman R. Hames or Stephen M. Forthuber, our Presidents and Chief Operating Officers, West Coast and East Coast, respectively, could hinder our ability to execute our business strategy and have a significant negative impact on our operations. We believe that they could not easily be replaced with executives of equal experience and capabilities, which would adversely affect our business. The future growth of our imaging business is partially dependent on our ability to continue to successfully integrate acquired businesses. Historically, we have experienced substantial growth through acquisitions that have increased our size, scope and geographic distribution of our imaging center business. During the past three fiscal years, we have completed acquisitions that have added ~~45-63~~ centers to our fixed- site outpatient diagnostic imaging services. We may never realize expected synergies or capitalize on expected business opportunities in connection with an acquisition. Moreover, assumptions underlying estimates of expected cost savings may be inaccurate, or general industry and business conditions may deteriorate. Integrating operations requires significant efforts and expense on our part. Our management may have its attention diverted while trying to integrate an acquisition. Personnel may leave or be terminated because of an acquisition. If these factors limit our ability to integrate the operations of an acquisition successfully or on a timely basis, our expectations of future results of operations, including certain cost savings and synergies as a result of the acquisition, may not be met. **Acquisitions are also accompanied by the risk that obligations and liabilities of an acquired business may not be adequately reflected in the historical financial statements of that business and the risk that historical financial statements may be based on assumptions, which are incorrect or**

inconsistent with our assumptions or approach to accounting policies. Further, integration of an acquired business or technology could involve significant difficulties and could require management and capital resources that otherwise would be available for ongoing development of our existing business or pursuit of other opportunities. We may also acquire contingent liabilities in connection with the acquisitions of a business, which may be material, and any estimates we might make regarding any acquired contingent liabilities and the likelihood that these liabilities will materialize could differ materially from the liabilities actually incurred. These circumstances could materially harm our business, results of operations, and prospects. We may not generate the expected benefits from our investment in AI technologies or other new lines of business **and the use of AI and machine learning tools in our operations and the services of our third-parties may introduce risks that could adversely affect our business, financial condition, and reputation**. We believe that technology advancements including AI will significantly impact diagnostic imaging services in the future. As part of our growth strategy we have acquired or invested in a number of AI companies and technologies, including DeepHealth, Inc., NuLogix Health, Inc., WhiteRabbit.ai, Aidence Holding B. V. and Quantib B. V. with the expectation that these AI technologies can be developed into solutions that enhance the quality of outcomes for patients via improved diagnostic imaging, reduce operating costs, and correspondingly improve our competitive position. However, the success of our AI investments will depend upon a number of factors, some of which are out of our control, such as: • our ability to effectively integrate the operations of the acquired companies, including retaining key personnel; • the timeline and related expenses associated with applying for regulatory ~~approvals~~ **authorizations** necessary for commercialization; • whether any of our existing or future AI products will receive European CE or U. S. FDA 510 (k) clearance or other clearances and or regulatory ~~approvals~~ **authorizations** necessary for commercialization; • whether our AI solutions will prove effective for improving health care quality, patient services or business procedures; • our ability to successfully commercialize and secure market acceptance of our AI solutions from patients and health care providers; and • the development of competing technologies by other companies, and the relative efficacy, cost and ease of use of those technologies. There is no guarantee that we will receive the anticipated benefits from the investments we have made and may continue to make in the area of AI. Any failure would result in reduced operating profits and the potential impairment of goodwill related to those investments, which would further impact our profitability. In the future we may acquire companies that create a new line of business. The process of integrating the acquired business, technology, service and research and development component into our business and operations and entry into a new line of business in which we are inexperienced may result in unforeseen operating difficulties and expenditures. In developing a new line of business, we may invest significant time and resources that take away the attention of management that would otherwise be available for ongoing development of our business. In addition, there can be no assurance that our new lines of business will ultimately be successful. The failure to successfully manage these risks in the development and implementation of new lines of business could have a material, adverse effect on our business, financial condition, and results of operations. **Additionally, we and our third parties leverage AI and machine learning tools to increase productivity and innovation. We also face potential risks from the use of AI and machine learning tools. Our, or our customers' sensitive, proprietary, or confidential information could be leaked, disclosed, or revealed as a result of or in connection with employees' or vendors' use of generative AI technologies. In addition, we may use AI outputs to inform certain decisions, and AI models may create incomplete, inaccurate, or otherwise flawed outputs, some of which may appear correct. Due to the potential flaws in the use of AI, we could make incorrect decisions, including decisions that could bias certain individuals or classes of individuals and adversely impact their rights. The rapid development of AI tools could render obsolete certain technologies or tools we currently use, or otherwise provide competitors with a technological edge. New or evolving legislation or regulations might impose restrictions on how AI and machine learning tools can be used, requiring us to adapt our tools or face various penalties for non-compliance, including potential disgorgement of data and associated capabilities. As a result, we could face adverse consequences, including exposure to reputational and competitive harm, customer loss, and legal liabilities. The AI tools may also be subject to additional, and as yet unidentified, security threats.**

Healthcare and Regulatory Risks The regulatory framework in which we operate is continually evolving. Although we believe that we are operating in compliance with applicable federal and state laws, neither our current or anticipated business operations nor the operations of our contracted radiology practices have been the subject of judicial or regulatory interpretation. We cannot assure you that a review of our business by courts or regulatory authorities will not result in a determination that could adversely affect our operations. In addition, healthcare laws and regulations may change significantly in the future in a way that restricts our operations. We continuously monitor these developments and modify our operations from time to time as the regulatory environment changes. We cannot assure you, however, that we will be able to adapt our operations to address new regulations or that new regulations will not adversely affect our business. **In particular, the new administration in 2025 is expected to make significant changes to the operations of the Department of Health and Human Services, and other regulatory agencies such as FDA and CMS, each of which regulates certain aspects of our business. It is not clear what changes will be implemented by such agencies in terms of legal or regulatory requirements, or policies, or whether we will be able to comply with such changes in terms of legal or regulatory requirements, or policies.** Certain states have enacted statutes or adopted regulations affecting risk assumption in the healthcare industry, including statutes and regulations that subject any physician or physician network engaged in risk-based managed care contracting to comply with applicable insurance laws. These laws, if adopted in the states in which we operate, may require physicians and physician networks to meet minimum capital requirements and other safety and soundness requirements. Implementing additional regulations or compliance requirements could result in substantial costs to us and the contracted radiology practices and limit our ability to enter into capitation or other risk-sharing managed care arrangements. **If we are unable to effectively adapt to changes in the healthcare industry, including changes to laws and regulations regarding or affecting U. S. healthcare reform, our business could be harmed. Due to the importance of the healthcare industry in the lives of all Americans, federal, state,**

and local legislative bodies frequently pass legislation and administrative agencies promulgate regulations relating to healthcare reform or that affect the healthcare industry. As has been the trend in recent years, it is reasonable to assume that there will continue to be increased government oversight and regulation of the healthcare industry in the future. We cannot assure our stockholders as to the ultimate content, timing or effect of any new healthcare legislation or regulations, nor is it possible at this time to estimate the impact of potential new legislation or regulations on our business. Since a portion of our revenue is derived from government payors, we are subject to regulatory changes. Federal and state legislators routinely introduce and consider proposed legislation that would impact Medicare, Medicaid, and PACE funding and operations, and state and federal agencies also consider and implement regulations and guidance that impact our business. Similarly, changes in private payor reimbursement policies could have a material adverse effect on our business, financial condition and result of operations. We cannot predict with certainty the impact that any particular federal and state healthcare legislation or regulation will have on us, but such changes could impose new and / or more stringent regulatory requirements on our activities or result in reduced payment rates, any of which could adversely affect our business, financial condition, and results of operations. While we believe that we have structured our agreements and operations in material compliance with applicable healthcare laws and regulations, there can be no assurance that regulators will agree with our approach or that we will be able to successfully address changes in the current legislative and regulatory environment. Moreover, some of the healthcare laws and regulations applicable to us are subject to limited or evolving interpretations, and a review of our business or operations by a court, law enforcement or a regulatory authority might result in a determination that could have a material adverse effect on us. Furthermore, the healthcare laws and regulations applicable to us may be amended or interpreted in a manner that could have a material adverse effect on our business, prospects, results of operations and financial condition . We may be impacted by eligibility changes to government and private insurance programs. Due to potential decreased availability of healthcare through private employers, the number of patients who are uninsured or participate in governmental programs may increase. Healthcare reform legislation will increase the participation of individuals in the Medicaid program in states that elect to participate in the expanded Medicaid coverage. A shift in payor mix from managed care and other private payors to government payors as well as an increase in the number of uninsured patients may result in a reduction in the rates of reimbursement or an increase in uncollectible receivables or uncompensated care, with a corresponding decrease in net revenue. Changes in the eligibility requirements for governmental programs and state decisions on whether to participate in the expansion of such programs also could increase the number of patients who participate in such programs and the number of uninsured patients. Even for those patients who remain in private insurance plans, changes to those plans could increase patient financial responsibility, resulting in a greater risk of uncollectible receivables. Furthermore, additional changes to, or rollback of, the PPACA, whether through legislation or judicial action, may also affect reimbursement and coverage in ways that are currently unpredictable. These factors and events could have a material adverse effect on our business, financial condition, and results of operations. Complying with federal and state regulations is an expensive and time- consuming process, and any failure to comply could result in substantial penalties. We are directly or indirectly, through the radiology practices with which we contract, subject to extensive regulation by both the federal government and the state governments in which we provide services, including: • the federal False Claims Act; • the federal Medicare and Medicaid Anti- Kickback Statute, and state anti- kickback prohibitions; • federal and state billing and claims submission laws and regulations; • HIPAA, as amended by HITECH, and comparable state laws; • the federal physician self- referral prohibition commonly known as the Stark Law and state equivalents; • state laws that prohibit the corporate practice of medicine and prohibit similar fee- splitting arrangements; • state laws governing the approval of healthcare transactions and complying with cost targets, including the California Health Care Quality and Affordability Act and its implementing regulations. • federal and state laws governing the diagnostic imaging and therapeutic equipment we use in our business concerning patient safety, equipment operating specifications and radiation exposure levels; • state laws governing reimbursement for diagnostic services related to services compensable under workers' compensation rules; and • federal and state environmental and health and safety laws. If our operations are found to be in violation of any of the laws and regulations to which we or the radiology practices with which we contract are subject, we may be subject to penalties, including civil and criminal penalties, damages, fines and the curtailment of our operations. Any penalties, damages, fines or curtailment of our operations, individually or in the aggregate, could adversely affect our ability to operate our business and our financial results. The risks of our being found in violation of these laws and regulations is increased by the fact that many of them have not been fully interpreted by the regulatory authorities or the courts, and their provisions are open to a variety of interpretations. Any action brought against us for violation of these laws or regulations, even if we successfully defend against it, could cause us to incur significant legal expenses and divert our management' s attention from the operation of our business . **There may be changes in FDA' s regulatory requirements and policies, and we may not be able to comply with them. FDA' s policies regarding regulation of AI- ML- enabled software products are constantly evolving and developing. FDA typically communicates with the industry and the public through occasions such as presentations to the industry, or through FDA' s guidance documents. At times, such policies may involve significant changes, and we may not be able to comply with all of such policies, and in particular, policies relating to the regulation of AI- ML- enabled software products. Non- compliance may result in significant enforcement actions, including but not limited to recalls, Form 483s, warning letters, untitled letters, it- has- come- to- our- attention letters, detention or seizure of adulterated or misbranded products, or other forms of enforcement. We may be forced to remove our products from the market entirely. Any adverse regulatory action, depending on its magnitude, may restrict us from effectively marketing and selling our products and limit our ability to obtain future pre- market authorization, and could result in a substantial modification to our business practices and operations .** State and federal anti- kickback and anti- self- referral laws may adversely affect income. Various federal and state laws govern financial arrangements among healthcare providers.

The federal Anti-Kickback Statute prohibits the knowing and willful offer, payment, solicitation or receipt of any form of remuneration in return for, or to induce, the referral of Medicare, Medicaid, or other federal healthcare program patients, or in return for, or to induce, the purchase, lease or order of items or services that are covered by Medicare, Medicaid, or other federal healthcare programs. Similarly, many state laws prohibit the solicitation, payment or receipt of remuneration in return for, or to induce the referral of patients in private as well as government programs. Violation of these anti-kickback laws may result in substantial civil or criminal penalties for individuals or entities and / or exclusion from federal or state healthcare programs. We believe we are operating in compliance with applicable law and believe that our arrangements with providers would not be found to violate the anti-kickback laws. However, these laws could be interpreted in a manner inconsistent with our operations. Federal law prohibiting certain physician self-referrals, known as the Stark Law, prohibits a physician from referring Medicare or Medicaid patients to an entity for certain “designated health services” if the physician has a prohibited financial relationship with that entity, unless an exception applies. Certain radiology services are considered “designated health services” under the Stark Law. Although we believe our operations do not violate the Stark Law, our activities may be challenged. If a challenge is successful, it could have an adverse effect on our operations. In addition, legislation may be enacted in the future that further addresses Medicare and Medicaid fraud and abuse or imposes additional regulatory burdens on us. In addition, under the Deficit Recovery Act, states enacting false claims statutes similar to the federal False Claims Act, which establish liability for submission of fraudulent claims to the State Medicaid program and contain qui tam or whistleblower provisions, receive an increased percentage of any recovery from a State Medicaid judgment or settlement. Adoption of new false claims statutes in states where we operate may impose additional burdens on us. If we fail to comply with various licensure, certification and accreditation standards, we may be subject to loss of licensure, certification or accreditation, which would adversely affect our operations. Ownership, construction, operation, expansion and acquisition of our diagnostic imaging centers are subject to various federal and state laws, regulations and approvals concerning licensing of personnel, other required certificates for certain types of healthcare facilities and certain medical equipment. In addition, freestanding diagnostic imaging centers that provide services independent of a physician’s office must be enrolled by Medicare as an independent diagnostic treatment facility, or IDTF, to bill the Medicare program. Medicare carriers have discretion in applying the IDTF requirements and therefore the application of these requirements may vary from jurisdiction to jurisdiction. In addition, federal legislation requires all suppliers that provide the technical component of diagnostic MRI, PET / CT, CT, and nuclear medicine to be accredited by an accreditation organization designated by CMS (which currently include the American College of Radiology, the International Accreditation Commission and the Joint Commission). Our MRI, CT, nuclear medicine, ultrasound and mammography centers are currently accredited by the American College of Radiology. We may not be able to receive the required regulatory ~~approvals~~ **authorizations** or accreditation for any future acquisitions, expansions or replacements, and the failure to obtain these ~~approvals~~ **authorizations** could limit the opportunity to expand our services. Our payors required that the physicians providing imaging services are credentialed, before the payor will commence payment. We have experienced a slowdown in the credentialing of our physicians over the last several years which has lengthened our billing and collection cycle, and could negatively impact our ability to collect revenue from patients covered by Medicare. Our centers are subject to periodic inspection by governmental and other authorities to assure continued compliance with the various standards necessary for licensure and certification. If any facility loses its certification under the Medicare program, then the facility will be ineligible to receive reimbursement from the Medicare and Medicaid programs. For the year ended December 31, ~~2023~~ **2024**, approximately ~~23-24~~ % and 3 % of our net service fee revenue came from Medicare and various state Medicaid programs, respectively. A change in the applicable certification status of one of our centers could adversely affect our other centers and, in turn, us as a whole. Our agreements with the contracted radiology practices must be structured to avoid the corporate practice of medicine and fee-splitting. The laws of certain states prohibit us from exercising control over the medical judgments or decisions of physicians and from engaging in certain financial arrangements, such as splitting professional fees with physicians. These laws are enforced by state courts and regulatory authorities, each with broad discretion. A component of our business has been to enter into management agreements with radiology practices. We provide management, administrative, technical and other non-medical services to the radiology practices in exchange for a service fee typically based on a percentage of the practice’s revenue. We structure our relationships with the radiology practices, including the purchase of diagnostic imaging centers, in a manner that we believe keeps us from engaging in the practice of medicine or exercising control over the medical judgments or decisions of the radiology practices or their physicians, or violating the prohibitions against fee-splitting. State laws and enforcement efforts regarding corporate practice of medicine and fee-splitting are often subject to change. As a consequence, there can be no assurance that our present arrangements with the Group or the physicians providing medical services and medical supervision at our imaging centers will not be challenged, and, if challenged, that they will not be found to violate the corporate practice of medicine or fee splitting prohibitions. Any violation would subject us to potential damages, injunction and / or civil and criminal penalties or require us to restructure our arrangements in a way that would affect the control or quality of our services and / or change the amounts we receive under our management agreements. **Our software products could be regulated as medical devices by regulatory agencies, and we may be subject to such agencies’ regulatory or enforcement activities. Certain of the products that we develop are or are likely to be regulated by FDA or other regulatory agencies as medical devices. Regulatory bodies in the United States and abroad, such as the FDA, impose significant legal and regulatory requirements on our operations. Such agencies regulate and oversee our design and manufacturing processes, labeling, record-keeping, and mandatory reporting of adverse events and other information to identify potential issues with marketed products. Our facilities are or may become subject to periodic inspections to ensure adherence to applicable quality system regulations, which dictate the methods, facilities, and controls used in the design, manufacture, and servicing of finished medical devices for human use. Furthermore, FDA and other regulatory agencies, both domestic and international, oversee the promotion and advertising of our products. If FDA or other regulatory agencies were to conclude that we are not in compliance**

with applicable laws or regulations, or that any of our medical products are ineffective or pose an unreasonable health risk, such agencies could order a recall, repair, replacement, or refund of such products, refuse to grant pending pre-market authorization applications, and / or require us to notify health professionals and others that the devices present unreasonable risks of substantial harm to the public health, and in certain rare circumstances, ban such products. Such non-compliance could also result in inspectional observations on the U. S. FDA's Form 483, warning letters, untitled letters, it- has- come- to- our- attention letters, detention or seizure of adulterated or misbranded products, or other forms of enforcement, such as a consent decree. FDA and other non- U. S. government agencies may also assess civil or criminal penalties against us, our officers or employees. Any unfavorable legal or regulatory enforcement action, depending on its severity, could restrict our ability to effectively market and sell our products, hinder future pre-market authorizations, or necessitate substantial changes to our business practices and operations. If we fail to comply with federal and state privacy and information security laws mandating protection of certain confidential data against disclosure, including cybersecurity attacks, we may be subject to government or private actions. We must comply with numerous federal and state laws and regulations governing the collection, dissemination, access, use, security and privacy of PHI, including HIPAA and its implementing privacy and security regulations, as amended by the federal HITECH Act. Information security risks have significantly increased in recent years in part because of the proliferation of new technologies, and the increased sophistication and activities of organized crime, hackers, terrorists and other external parties, including foreign state agents. Failure to adequately protect and maintain the integrity of our information systems (including our networks) and data, or to defend against cybersecurity attacks, could subject us to monetary fines, civil suits, civil penalties or criminal sanctions. We could also be required to disclose the breach publicly, which may damage our business reputation with our patients and vendors and cause a further material adverse effect on our results of operations, financial position, and cash flows. Some of our imaging modalities use radioactive materials, which generate regulated waste and could subject us to liabilities for injuries or violations of environmental and health and safety laws. Some of our imaging procedures use radioactive materials, which generate medical and other regulated wastes. For example, patients are injected with a radioactive substance before undergoing a PET scan. Storage, use and disposal of these materials and waste products present the risk of accidental environmental contamination and physical injury. Although we typically use licensed or otherwise qualified outside vendors to dispose of this waste, applicable laws and regulations could hold us liable for damages and fines if our or others' business operations or other actions result in contamination to the environment or personal injury due to exposure to hazardous materials. We cannot eliminate the risk of contamination or injury, and any liability imposed on us for any resulting damages or injury could exceed our resources or any applicable insurance coverage. We are subject to federal, state and local regulations governing storage, handling and disposal of these materials. We could incur significant costs and the diversion of our management's attention in order to comply with current or future environmental and health and safety laws and regulations. Also, we cannot completely eliminate the risk of accidental contamination or injury from these hazardous materials. Although we maintain professional liability insurance coverage in amounts we believe is consistent with industry practice in the event of an accident, we could be held liable for any resulting damages, and any liability could exceed the limits of or fall outside the coverage of our professional liability insurance. If CMS ends its current policy permitting professionals to provide direct supervision of diagnostic imaging to be immediately available through virtual presence using two- way, real- time audio / video technology, instead of requiring their physical presence, we may be subject to additional costs and a shortage of professionals to provide such supervision. On November 1, 2024, CMS released the calendar year 2025 Medicare Physician Fee Schedule final rule, which extended through December 31, 2025 the Medicare policy permitting supervising professionals to be immediately available through virtual presence using two- way, real- time audio / video technology, instead of requiring their physical presence. In comments to the final rule, CMS indicated that it may address the most appropriate way to balance patient safety concerns with the interest of supporting access in future rulemaking. If CMS changes the current policy to require in- person supervision of diagnostic imaging that requires direct supervision, we may be required to add professional staff to our diagnostic imaging centers and / or decrease the volume of imaging services that require direct supervision of a professional.

Financial Risks Because we have high fixed costs, lower scan volumes or other decreases revenues could adversely affect the profitability of our business. The principal components of our expenses are debt service, depreciation, compensation paid to technologists, salaries, real estate lease expenses and equipment maintenance costs. Because a majority of these expenses are fixed, a relatively small change in our revenue could have a disproportionate effect on our operating and financial results depending on the source of our revenue. Thus, decreased revenue as a result of lower scan volumes, product mix, or reductions in reimbursement rates could result in lower margins, which would materially adversely affect the profitability of our business. Our substantial debt could adversely affect our financial condition and prevent us from fulfilling our obligations under our outstanding indebtedness. Our current substantial indebtedness and any future indebtedness we incur could adversely affect our financial condition. We are highly leveraged. As of December 31, 2023-2024 term loan indebtedness, excluding related discount, was \$ 823-1,005.6 million, of which the Barclays credit facility term loans were \$ 678-870.7-6 million and the Truist credit facility term loan was \$ 144-135.4-0 million. Our substantial indebtedness could also:

- make it difficult for us to satisfy our payment obligations with respect to our outstanding indebtedness;
- require us to dedicate a substantial portion of our cash flow from operations to payments on our debt, reducing the availability of our cash flow to fund working capital, capital expenditures, acquisitions and other general corporate purposes;
- expose us to the risk of interest rate increases on our variable rate borrowings, including borrowings under our Barclays and Truist credit facilities;
- increase our vulnerability to adverse general economic and industry conditions;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- place us at a competitive disadvantage compared to our competitors that have less debt; and
- limit our ability to borrow additional funds on terms that are satisfactory to us, or at all. A restriction in our ability to make capital expenditures would restrict our growth and

could adversely affect our business. We operate in a capital intensive, high fixed- cost industry that requires significant amounts of capital to fund operations, particularly the initial start- up and development expenses of new diagnostic imaging centers and the acquisition of additional centers and new diagnostic imaging equipment. We incur capital expenditures to, among other things, upgrade and replace equipment for existing centers and expand within our existing markets and enter new markets. If we open or acquire additional imaging centers, we may have to incur material capital lease obligations. To the extent we are unable to generate sufficient cash from our operations, funds are not available under our credit facilities or we are unable to structure or obtain financing through operating leases, finance leases or long- term installment notes, we may be unable to meet the capital expenditure requirements necessary to support the maintenance and continued growth of our operations. We may be required to recognize an impairment of our goodwill, other intangible assets, or other long- lived assets, which could have an adverse effect on our financial position and results of operations. When we acquire businesses we are generally required to allocate the purchase price to various assets including goodwill and other intangible assets. We are required to perform impairment tests for goodwill and other indefinite- lived intangible assets annually and whenever events or circumstances indicate that it is more likely than not that impairment exists. We are also required to perform an impairment test of definite lived intangible or other long- lived assets when indicators of impairment are present. We have been required to recognize impairment charges in the past, and may again. In September 2023, we determined that an In- process Research and Development (" IPR & D") indefinite- lived intangible asset related to Aidence Holding B. V.' s Ai Veye Lung Nodule and Veye Clinic would not receive FDA approval authorization for sale in the US without a new submission and additional expenditures for rework in the original projected timeline. The additional expenditures, delay and reduction of US sales affected the estimated fair value of the related IPR & D intangible asset and resulted in impairment charges of \$ 3. 9 million. A future decline in our operating results, future estimated cash flows and other assumptions could impact our estimated fair values, potentially leading to a material impairment of goodwill, other intangible assets, or other long- lived assets, which could adversely affect our financial position and results of operations. Our credit facilities and instruments governing our other indebtedness restrict certain operations of our business. Our credit facilities contain affirmative and negative covenants which restrict, among other things, our ability to: • pay dividends or make certain other restricted payments or investments; • incur additional indebtedness and certain disqualified equity interests; • create liens (other than permitted liens) securing indebtedness or trade payables; • sell certain assets or merge with or into other companies or otherwise dispose of all or substantially all of our assets; • enter into certain transactions with affiliates; • create restrictions on dividends or other payments by our restricted subsidiaries; and • create guarantees of indebtedness by restricted subsidiaries. All of these restrictions could affect our ability to operate our business and may limit our ability to take advantage of potential business opportunities as they arise. A failure to comply with these covenants and restrictions would permit the relevant creditors to declare all amounts borrowed under the applicable agreement governing such indebtedness, together with accrued interest and fees, to be immediately due and payable. If the indebtedness under our credit facilities is accelerated, we may not have sufficient assets to repay amounts due under the credit facilities or on other indebtedness then outstanding. **If we are unable to obtain insurance, or if insurance becomes more costly for us to obtain, our business may be adversely affected. It may become more difficult and costly for us to obtain coverage liabilities and other risks, including property, automobile and casualty insurance. For example, the following circumstances may adversely affect our ability to obtain insurance at favorable rates: • we experience higher- than- expected professional liability, property and casualty, or other types of claims or losses; • we receive survey deficiencies or citations of higher- than- normal scope or severity; • we acquire especially troubled operations or facilities that present unattractive risks to current or prospective insurers; • insurers choose to stop operating or offering policies in certain states due to changes in economic conditions or laws; • insurers tighten underwriting standards applicable to us or our industry; or • insurers or reinsurers are unable or unwilling to insure us or the industry at historical premiums and coverage levels. If any of these potential circumstances were to occur, our insurance carriers may cancel or not renew our policies, or require us to significantly increase our self- insured retention levels or pay substantially higher premiums for the same or reduced coverage for insurance, including workers compensation, property and casualty, automobile, employment practices liability, directors and officers liability, employee healthcare and general and professional liability coverages. In some states, the law prohibits or limits insurance coverage for the risk of punitive damages arising from professional liability and general liability claims or litigation. Coverage for punitive damages is also excluded under some insurance policies. As a result, we may be liable for punitive damage awards in these states that either are not covered or are in excess of our insurance policy limits. Claims against us, regardless of their merit or eventual outcome, could also inhibit our ability to attract patients or expand our business and could require our management to devote time to matters unrelated to the day- to- day operation of our business. With few exceptions, workers compensation and employee health insurance costs have also increased markedly in recent years and are expected to increase in the future. If we are unable to obtain insurance, or if insurance becomes more costly for us to obtain, or if the coverage levels we can economically obtain decline, our business may be adversely affected.**

Capital Markets Risks Possible volatility in our stock price could negatively affect us and our stockholders. The trading price of our common stock on the NASDAQ Global Market has fluctuated significantly in the past. During the period from January 1, 2021 through December 31, 2023-2024, the trading price of our common stock fluctuated from a high of \$ 38.93 - 84.65 per share to a low of \$ 12.03 per share. In the past, we have experienced a drop in stock price following an announcement of disappointing earnings or earnings guidance. Any such announcement in the future could lead to a similar drop in stock price. The price of our common stock could also be subject to wide fluctuations in the future as a result of a number of other factors, including the following: • changes in expectations as to future financial performance or buy / sell recommendations of securities analysts; • our, or a competitor' s, announcement of new services, or significant acquisitions, strategic partnerships, joint ventures or capital commitments; and • the operating and stock price performance of other comparable companies. In addition, the U. S. securities markets periodically experience significant price and volume

fluctuations. These fluctuations often have been unrelated to the operating performance of companies in these markets. Broad market and industry factors may lead to volatility in the price of our common stock, regardless of our operating performance. In the past, following periods of volatility in the market price of an individual company's securities, securities class action litigation often has been instituted against that company. The institution of similar litigation against us could result in substantial costs and a diversion of management's attention and resources, which could negatively affect our business, results of operations or financial condition. **Sales of a substantial number of shares of our common stock in the public market, or the perception that such sales could occur, could cause the price of our common stock to fall. Sales of a substantial number of shares of our common stock in the public market could occur at any time. Any such sales, or the perception in the market that sales are pending or could occur, could reduce the market price of our common stock. The vast majority of the outstanding shares of our common stock are freely tradable without restriction in the public market, subject to certain volume and manner of sale limitations applicable to shares held by our affiliates, as that term is defined in the Securities Act. In addition, subject to similar limitations and any other applicable legal and contractual limitations, all of the shares of our common stock subject to outstanding equity-based awards or reserved for issuance pursuant to such awards we may grant in the future are registered under the Securities Act or are otherwise eligible under applicable securities laws for free trading in the public market upon their issuance. Future issuances of our common stock or rights to purchase our common stock could result in additional dilution to the percentage ownership of our stockholders and could cause the price of our common stock to fall. To raise capital or for other strategic purposes, we may sell common stock, convertible securities or other equity securities in one or more transactions at prices and in a manner we determine from time to time. If we issue common stock, convertible securities or other equity securities, our then-existing stockholders could be materially diluted by such issuances and, if we otherwise issue preferred stock, new investors could gain rights, preferences and privileges senior to the holders of our common stock, any of which could cause the price of our common stock to decline. We do not intend to pay dividends on our common stock, so any returns will be limited to the value of our common stock. We currently anticipate that we will retain any future earnings to finance the continued development, operation and expansion of our business. As a result, we do not anticipate declaring or paying any cash dividends or other distributions in the foreseeable future. Further, if we were to enter into a credit facility or issue debt securities or preferred stock in the future, we may become contractually restricted from paying dividends. If we do not pay dividends, our common stock may be less valuable because stockholders must rely on sales of their common stock after price appreciation, which may never occur, to realize any gains on their investment.** Provisions of the Delaware General Corporation Law and our organizational documents may discourage an acquisition of us. In the future, we could become the subject of an unsolicited attempted takeover of our company. Although an unsolicited takeover could be in the best interests of our stockholders, our organizational documents and the General Corporation Law of the State of Delaware both contain provisions that will impede the removal of directors and may discourage a third-party from making a proposal to acquire us. For example, provisions in our organizational documents: • permit the board of directors to increase its own size, within the maximum limitations set forth in the bylaws, and fill the resulting vacancies; • authorize the issuance of shares of preferred stock in one or more series without a stockholder vote; • establish an advance notice procedure for stockholder proposals to be brought before an annual meeting of our stockholders, including proposed nominations of persons for election to the board of directors; and • prohibit transfers and / or acquisitions of stock (without consent of the Board of Directors) that would result in any stockholder owning greater than 5 % of the currently outstanding stock resulting in a limitation on net operating loss carryovers, capital loss carryovers, general business credit carryovers, alternative minimum tax credit carryovers and foreign tax credit carryovers, as well as any loss or deduction attributable to a "net unrealized built-in loss" within the meaning of Section 382 of the internal revenue code of 1986, as amended. We are subject to Section 203 of the Delaware General Corporation Law, which could have the effect of delaying or preventing a change in control. ~~Item 1B. Unresolved Staff~~

Comments